

ORIGINAL

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC

JUN 29 1994

In the Matter of )  
Implementation of Section 309(j) ) PP Docket No. 93-253  
of the Communications Act - )  
Competitive Bidding )

COMMENT ON PETITIONS FOR RECONSIDERATION

BET Holdings, Inc. ("BHI") hereby submits these comments on a single aspect of several petitions for reconsideration filed in the Competitive Bidding Rulemaking proceeding.<sup>1/</sup> BHI opposes the redefinition of "rural telephone company" in a manner that may distort the intent and application of a competitive bidding preference for rural Local Exchange Carriers ("LECs").

Several petitioners suggest broadening the class of entities eligible for "designated entity" status by modifying the definition of "rural telephone company."<sup>2/</sup> For example, the Rural Cellular Association ("RCA") suggests changing the conjunctive "and" to the disjunctive "or." (RCA at 5-6). South Dakota Network, Inc. ("SDN") agrees with the RCA

1/ See Second Report and Order, Implementation of Section 309(j) of the Communications Act - Competitive Bidding, PP Docket No. 93-253, FCC 94-98 (released April 20, 1994) ("Second Report and Order").

2/ The current rule provides:  
Rural telephone companies. A rural telephone company is an independently owned and operated local exchange carrier with 50,000 access lines or fewer, and serving communities with 10,000 or fewer inhabitants.

§ 1.2110(b)(3).

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position (SDN at 10), but suggests that it is willing to accept as an alternative the proposal of the U.S. Intelco Networks, Inc. ("USIN"), namely, that rural telephone companies should be defined as LEC having annual revenues less than \$100,000 or serving no more than 100,000 access lines. (USIN at 11; SDN at 10). The National Telephone Cooperative Association ("NTCA") also supports the USIN position. (NTCA at 4).

BHI believes that the Commission reached the correct decision by limiting the definition of "rural telephone companies" to those companies which do "not serve communities with more than 10,000 inhabitants in the licensed area . . . [and do] not have more than 50,000 access lines, including all affiliates." Second Report and Order at ¶ 282. Further relaxation of the definition of "rural telephone company" would upset the careful balance reached by the Commission in promoting the goal of accessibility of new services to rural areas while avoiding excessive concentration of licenses. See Budget Act, Section 309(j)(3).

After analysis of extensive comment on this issue, the Commission expanded its originally proposed definition of rural telephone companies to encompass independently owned companies which serve communities of no more than 10,000 inhabitants, but that provide no more than 50,000 access lines.<sup>3/</sup> BHI believes the four-fold increase in community

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<sup>3/</sup> Under Section 63.58 of the Commission's Rules, rural telephone companies are those that serve communities with  
(continued...)

size with the 50,000 cap on access lines is more than sufficient to promote the goals of the Budget Act related to rural telephone participation in new spectrum-based telecommunications services.

BHI agrees that expansion of new services into rural areas is an important goal. Petitioners, however, appear to overlook the concern expressed by the Commission in the Second Report and Order over the potential for excessive concentration of licenses by arguing that the Commission's definition of "rural telephone company" is unduly restrictive. The Commission aptly observed, however, that Congress did not intend for it "to give preferences to large LECs that happen to serve small rural communities." Second Report and Order at ¶ 282. The unchallenged effect of adopting the Petitioner's relaxed definition would be to benefit larger LECs in contravention of Congressional intent.

BHI also submits that the rural LEC petitions also highlight the value of adopting an explicit geographic restriction on all rural telephone company preferences. The Commission's sole purpose in expanding the definition of "rural telephone company" was to promote the provision of spectrum-based telecommunications services to rural communities. This purpose is not met if rural LECs can use that status to gain preferences to develop services in markets

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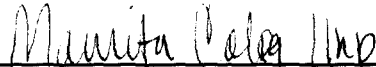
3/ (...continued)  
fewer than 2,500 inhabitants. The 2,500 threshold was the Commission's original proposal for rural telephone eligibility.

where they have no LEC operational presence. The imposition of an express geographic limitation to the rural LEC preference would be consistent with both Congressional intent and Commission precedent.<sup>4/</sup>

For the foregoing reasons, BHI requests that the Commission retain its current definition of "rural telephone company" as stated in the Second Report and Order, and place an express geographic restriction on the application of rural telephone company preferences to the markets where rural LECs operate telephone companies.

Respectfully submitted,

BET HOLDINGS, INC.

  
Debra L. Lee, Esquire  
Executive Vice President and  
General Counsel

Maurita K. Coley, Esquire  
Senior Vice President-  
Legal Affairs  
BLACK ENTERTAINMENT TELEVISION  
1232 31st Street, N.W.  
Washington, DC 20007  
(202) 337-5260

Of Counsel

Leonard J. Kennedy, Esquire  
Laura H. Phillips, Esquire  
DOW, LOHNES & ALBERTSON  
1255 23rd Street, N.W.  
Washington, DC 20037  
(202) 857-2500

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<sup>4/</sup> For example, the wireline cellular set-aside was limited to LECs with a presence in the relevant licensing area.

CERTIFICATE OF SERVICE

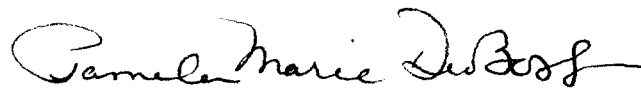
I, Pamela Marie DuBost, hereby certify that today on this 29th day of June, 1994, I caused a copy of the COMMENT ON PETITIONS FOR RECONSIDERATION to be served by first-class mail, postage prepaid to the following:

Benjamin H. Dickens, Jr.  
John A. Prendergast  
Blooston, Mordkofsky, Jackson & Dickens  
Suite 300  
2120 L Street, N.W.  
Washington, DC 20037  
Counsel for  
SOUTH DAKOTA NETWORK, INC.

David Cosson  
L. Marie Guillory  
2626 Pennsylvania Ave., N.W.  
Washington, DC 20037  
Counsel for  
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

RURAL CELLULAR ASSOCIATION  
David L. Jones, Chairman  
Government & Industry Affairs Committee  
Kraskin & Associates  
2120 L Street, N.W.  
Suite 810  
Washington, DC 20037

Stephen G. Kraskin  
Sylvia Lesse  
Charles D. Cosson  
Kraskin & Associates  
2120 L Street, N.W.  
Suite 810  
Washington, DC 20037  
Counsel for  
U.S. INTELCO NETWORKS, INC.

  
Pamela Marie DuBost